
DIGEST

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Henry

HB No. 164

Abstract: Provides for tax credit for individual and corporation income tax for expenses related to increases in health insurance premiums which are attributable to a recent state mandate for health insurance coverage for a specific medical condition or service.

Proposed law provides for a credit against La. individual and corporation income tax liability for the expense of increased health insurance premiums which is attributable to a state mandate for health insurance coverage for a specific medical condition or service which is enacted after July 1, 2009. The credit is available for the first and second taxable years beginning after the effective date of the act of the Legislature which mandates such coverage (hereinafter "act").

Proposed law requires the commissioner of insurance, within 90 days of the act, to determine standard dollar value amounts to reflect the increase in the cost of health insurance premiums in La. which are attributable to the new coverages mandated in the act. The commissioner shall establish amounts for purposes of an individual policy, a family policy, and a group policy. This amount shall be developed and made public in a manner deemed appropriate by the commissioner. The information shall also be transmitted to the Department of Revenue.

Proposed law establishes eligibility for the credit for a taxpayer who has paid the expense of health insurance premiums for himself or his employees in the taxable year, the cost of which is greater than the cost paid by the taxpayer for the same level of coverage in the prior taxable year.

Proposed law limits the amount of tax credit which is allowed for any taxpayer to the amount determined by the commissioner for that taxable year to be applicable to the taxpayer's level of insurance coverage, be it an individual, family, or group policy.

Proposed law provides that the total of all such credits taken in a taxable year shall not exceed the total tax liability for that taxable year.

Proposed law authorizes the secretary of the Dept. of Revenue, in consultation with the commissioner of insurance, to promulgate rules and regulations pursuant to the Administrative Procedure Act for the purpose of implementing the provisions of this Section.

Applicable to taxable years beginning on or after Jan. 1, 2010.

(Adds R.S. 47:6035)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Limits the provisions of proposed law to mandated health coverages which are enacted after July 1, 2009.
2. Requires the commissioner of insurance to transmit to the Department of Revenue information as to the standard amount of premium increases.
3. Changes effectiveness from July 1, 2010, to Jan. 1, 2010.